

PRE-APPEAL BRIEF REQUEST FOR REVIEW

Docket Number (Optional)

78104.073

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on _____

Signature _____

Typed or printed name _____

Application Number

09/862,917

Filed

05/22/2001

First Named Inventor

Michael Jarman

Art Unit

3628

Examiner

Borissov, Igor N.

Applicant requests review of the final rejection in the above-identified application. No amendments are being filed with this request.

This request is being filed with a notice of appeal.

The review is requested for the reason(s) stated on the attached sheet(s).

Note: No more than five (5) pages may be provided.

I am the

applicant/inventor.

assignee of record of the entire interest.

See 37 CFR 3.71. Statement under 37 CFR 3.73(b) is enclosed.
(Form PTO/SB/96)

attorney or agent of record.

Registration number 39668

attorney or agent acting under 37 CFR 1.34.

Registration number if acting under 37 CFR 1.34 _____



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6 JULY 2010

Date

NOTE: Signatures of all the inventors or assignees of record of the entire interest or their representative(s) are required.
Submit multiple forms if more than one signature is required, see below*.

*Total of 1 forms are submitted.

This collection of information is required by 35 U.S.C. 132. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.11, 1.14 and 41.6. This collection is estimated to take 12 minutes to complete, including gathering the necessary data and completing the application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Mail Stop AF, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

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STATEMENT OF REASONS FOR PRE-APPEAL BRIEF REVIEW

Review of the rejections under 35 USC §103(a) is requested. These rejections are clearly erroneous because they fail to establish a proper *prima facie* case of obviousness, as discussed below.

Background of the Invention. The invention involves systems and methods for reducing credit/charge fraud by verifying, in the course of a purchase/transaction, that a credit/charge card is present at or near the location of a utility meter (which is identified by, e.g., a utility meter serial number). For example, a credit/charge card charge request may be transmitted to a financial institution wherein the request includes data encoding, or is otherwise dependent on, (1) the meter location identifier; (2) the credit/charge card data (e.g., account number); and (3) “card presence” data (data verifying that the credit/charge card is physically present at the location of the charge request, such as a physical card swipe and/or entry of the 3-digit “CVV” code on the card signature strip). *See, e.g., rejected independent claim 42.* Thus, the financial institution is given some degree of assurance regarding the charger’s location (and the card’s location) because it is associated with a utility meter location, thereby allowing differentiation between “valid” charges and those from (for example) overseas submission of stolen card data. Most of the present claims also include limitations to the effect that the credit/charge card charge request is generated and/or processed regardless of whether the charge request relates to any utility usage measurements made by the utility meter – in other words, the invention can be used for any types of credit/charge card charge transactions (such as online or retail purchases of goods), and is not limited to utility purchases, such as the payment of one’s electric bills.

We contend that an ordinary artisan reviewing the cited references, and the state of the art in general, would never conceive the notion of using utility meter ID’s in the course of a purchase/transaction to verify the location of a credit/charge card.

Cited References. The references used in the rejections are:

- (1) U.S. Patent 5,959,549 to *Synesiou et al.* is directed to an improved Electricity Dispensing Unit (EDU) system, wherein an EDU allows a consumer to prepay for power, and then cuts power to the site when the paid amount is consumed (column 1 lines 6-25). The communal metering controllers (“CMCs”) 34 of FIG. 1 – which are effectively substations which subdistribute electricity from a mains cable 36 – are shown in greater detail in FIG. 2 to contain several remote measurement modules (meters) 38, which are in turn shown in greater detail in FIG. 3 (column 3 lines 57-63). Each meter / remote measurement module 38 controls power supply to a particular site to which it is assigned (column 3 lines 57-63). Each meter / remote measurement module 38 measures the amount of power consumed at the meter / module 38’s site, and passes the consumption data to the substation / CMC 34 of FIG. 2 (column 4 lines 4-24). Referring to column 4 lines 33-49, the meter / remote measurement module 38 also includes a controller 68 (FIG. 3) storing a variety of data (column 4 lines 33-53), including “a unique identification number and a module address code,

allowing the consumption data derived from a particular consumer site to be related to that site and to the credit data corresponding thereto" (column 4 lines 49-53). The controller 40 (FIG. 2) of the substation / CMC 34 then compares the consumption data and meter ID for each of its meters / modules 38 versus each meter / module 38's credit, and when the credit stored by the substation / CMC 34 is exhausted, the substation / CMC 34 signals the controller 68 (FIG. 3) of the meter / module 38 to cut the power (column 4 lines 54-67).

A user prepays the provider for power (column 3 lines 26-32, column 5 lines 58-60), and the power purchase is relayed to the substation / CMC 34 (column 4 lines 54-59, column 5 lines 60-65). To collect prepayments, a display unit 73 (FIG. 4, column 5 lines 15-65) may be provided at each consumer site to collect credit card data along with a PIN for identifying the user (column 5 lines 48-58). The display unit 73 is not part of the site's meter / module 38, nor does it directly communicate with the meter / module 38 (column 6 lines 40-43). Rather, the display unit 73 communicates any power purchase to the substation / CMC 34 (column 5 lines 15-24), which can in turn communicate a power purchase to the power provider (column 5 lines 48-65; see also column 3 lines 41-50 regarding transmissions between the provider and the substation / CMC 34). Regardless of how the payment is made, it is communicated to the substation / CMC 34 (column 5 lines 60-65), which (as noted above) then commands the user's meter / module 38 to cut power when the user's prepayment is exhausted (column 4 lines 54-67).

In summary, *Synesiou* is solely dedicated to utility payments. It merely uses a meter ID to communicate power consumption data from the meter / module 38 to the substation / CMC 34, and to communicate on/off commands from the substation / CMC 34 back to the meter / module 38. If payment is made at the user interface / display 73, credit data is transmitted to the substation / CMC 34 and to the provider, but not to the meter / module 38, and without regard to the meter ID.

(2) **U.S. Patent 5,146,067 to Sloan et al.** concerns a prepayment utility metering system in which cards are purchased and loaded with pre-payment credits at a location remote from the utility meter (column 3 lines 51-60, column 8 lines 32-35), and the cards can then be read at the meter to provide utility credits (i.e., to prepay for utility usage). *Sloan* is also dedicated solely to utility payments, and the utility meter and/or its user interface does not communicate any data away from the meter (to a financial institution or otherwise); it simply turns the meter on and off in relation to the credit read from the card.

(3) **WO 00/58922 to Bos** is then another system for prepayment of utility usage, but here the prepayment credit or "token" is purchased wirelessly (via a cellular/GSM handset), thereby avoiding the need for a rural customer to go to a location which sells prepayment cards (as in *Sloan et al.*).

(4) **U.S. Patent 6,282,522 to Davis et al.** is simply an internet-based purchasing scheme wherein a user purchases goods or services over the internet using a stored-value card read at a card reader

associated with the user's computer (Abstract, column 6 line 23-column 7 line 25, column 12 lines 10-22, FIG. 10).

Rejections and Errors Therein. Looking to the stated rationale for the rejections at pages 5-6 of the April 6, 2010 Office Action (and repeated at page 7):

In this case, each of the elements of the cited references combined by the Examiner performs the same function when combined as it does in the prior art. Thus, such a combination would have yielded predictable results. *See Sakraida*, 425 U.S. at 282, 189 USPQ at 453. Therefore, Supreme Court Decision in *KSR International Co. v. Teleflex Inc.* (KSR, 82 USPQ2d at 1396) forecloses the argument that a specific teaching, suggestion, or motivation is required to support a finding of obviousness. See the recent Board decision *Ex parte Smith*, --USPQ2d--, slip op. at 20, (Bd. Pat. App. & Interf. June 25, 2007). . . .

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Synesiou and Sloan to include that the financial institution processes the card charge request from the utility meter regardless of whether the card charge request relates to any utility usage measurements, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable. *KSR*, 127 S.Ct. at 1740, 82 USPQ2d at 1396.

Firstly, it is clearly incorrect to state that "in the [claimed] combination each element merely would have performed the same function as it did separately": no art of record shows use of utility meter data to function as an indicator of card location/presence. None of the foregoing references show transactions, and in particular non-utility transactions, wherein the transaction data transmitted to a financial institution includes, encodes, or is dependent on a meter ID, in particular where the meter ID is used (e.g., in combination with card-presence data such as a CVV code) to verify card presence. It is therefore incorrect to hold that "the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately."

Secondly, the reasoning underlying the rejections is conclusory, and merely recites passages of prior cases rather than explaining why the invention, as particularly claimed, would be foreseeable (and thus obvious) by an ordinary artisan after review of the particular references of record. From the *Ex parte Smith* case cited by the Office Action:

The [KSR] Court explained, "[o]ften, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue." Id. at 1740-41, 82 USPQ2d at 1396. The Court noted that "[t]o facilitate review, this analysis should be made explicit." Id., citing *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory

statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness".

Ex Parte Smith at 14 (emphasis added). More recent cases of the Board of Appeals have gone even further to explain that conclusory reasoning is insufficient, and any rejections must be supported by case-specific reasoning. From *Ex parte Whalen*, 89 USPQ2d 1078, 1084 (Bd. Pat. App. & Int. 2008):

The U.S. Supreme Court recently held that rigid and mandatory application of the "teaching-suggestion-motivation," or TSM, test is incompatible with its precedents. *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1741 [82 USPQ2d 1385] (2007). The Court did not, however, discard the TSM test completely; it noted that its precedents show that an invention "composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art." *Id.*

The Court held that the TSM test must be applied flexibly, and take into account a number of factors "in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed." *Id.* at 1740-41. Despite this flexibility, however, the Court stated that "it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the [prior art] elements in the way the claimed new invention does." *Id.* "To facilitate review, this analysis should be made explicit." *Id.* . . .

The KSR Court noted that obviousness cannot be proven merely by showing that the elements of a claimed device were known in the prior art; it must be shown that those of ordinary skill in the art would have had some "apparent reason to combine the known elements in the fashion claimed." *Id.* at 1741.

(Emphasis added.) See also MPEP 2143.01, part IV (noting that the mere fact that "the references relied upon teach that all aspects of the claimed invention were individually known in the art is not sufficient to establish a *prima facie* case of obviousness without some objective reason to combine the teachings of the references.")

The stated bases for the rejections are the type of "mere conclusory statements" prohibited by the foregoing decisions, and contain no "articulated reasoning with some rational underpinning to support the legal conclusion of obviousness" (as required by the foregoing decisions): they simply regurgitate form paragraphs. More particularly, the rejections do not explain any "apparent reason to combine the known elements in the fashion claimed" (as also required by the foregoing decisions), and rather the rejections find that the invention is obvious because the "claimed invention is merely a combination of old elements" – *which, as noted by the foregoing cases, is not a sufficient basis for declaring the claimed invention obvious.* Even if we assume for the sake of argument that the "claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately" (which is not in fact the case, as explained above), what is the "apparent reason to combine the known elements in the fashion claimed"? Keeping in mind the obviousness analysis mandated by MPEP 2142:

To reach a proper determination under 35 U.S.C. 103, the examiner must step backward in time and into the shoes worn by the hypothetical "person of ordinary skill in the art" when the

invention was unknown and just before it was made. In view of all factual information, the examiner must then make a determination whether the claimed invention “as a whole” would have been obvious at that time to that person. Knowledge of applicant’s disclosure must be put aside in reaching this determination, yet kept in mind in order to determine the “differences,” conduct the search and evaluate the “subject matter as a whole” of the invention. The tendency to resort to “hindsight” based upon applicant’s disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art.

We submit that an ordinary artisan who had no knowledge of the claimed invention, but who knew the general state of the art (including the cited references), would not truly come to conceive the claimed invention in light of this knowledge. Further, the Office Action contains no “articulated reasoning” explaining a contrary conclusion. Kindly withdraw the rejections.